

General Assembly

Bill No. 6684

January Session, 2005

LCO No. 3409

03409_____

Referred to Committee on Finance, Revenue and Bonding

Introduced by:

REP. WARD, 86th Dist. SEN. DELUCA, 32nd Dist.

AN ACT CONCERNING REVENUE CHANGES TO IMPLEMENT THE GOVERNOR'S BUDGET RECOMMENDATIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. Subsection (e) of section 3-62h of the general statutes is
- 2 repealed and the following is substituted in lieu thereof (*Effective from*
- 3 passage):
- 4 (e) The State Bond Commission may, prior to June 30, [2005] 2007,
- 5 authorize the issuance of abandoned property fund bonds in one or
- 6 more series and in principal amounts not to exceed sixty million
- 7 dollars plus such additional amount of abandoned property fund
- 8 bonds required to fund Special Abandoned Property Fund financing
- 9 costs in accordance with the proceedings authorizing the abandoned
- 10 property fund bonds for the purpose of disbursing funds to the
- 11 General Fund in support of state programs. Such abandoned property
- 12 fund bonds are hereby determined to be issued for valid public
- 13 [proposes] <u>purposes</u> in the exercise of essential government functions.

- Sec. 2. Section 3-115b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):
- 16 (a) Effective with the fiscal year commencing July 1, [2005] 2007, the 17 Comptroller is authorized to implement the use of generally accepted 18 accounting principles, as prescribed by the Government Accounting 19 Standards Board, with respect to the preparation and maintenance of 20 the annual financial statements of the state, and the Office of Policy 21 and Management is authorized to implement the use of generally 22 accepted accounting principles, as prescribed by the Government 23 Accounting Standards Board, with respect to the preparation of the 24 annual budget of the state.
- 25 (b) To implement such accounting principles, the Comptroller and 26 the Secretary of the Office of Policy and Management shall 27 concurrently prepare conversion plans for the respective 28 implementations pursuant to subsection (a) of this section. The 29 conversion plans shall be submitted to the joint standing committee of 30 the General Assembly having cognizance of matters relating to 31 appropriations and the budgets of state agencies not later than 32 February 1, [2005] 2007.
 - (c) The Comptroller shall establish an opening combined balance sheet for all appropriated funds as of July 1, [2005] 2007, on the basis of generally accepted accounting principles. The accrued and unpaid expenses and liabilities and other adjustments for the purposes of generally accepted accounting principles, as of June 30, [2005] 2007, shall be aggregated and set up as a deferred charge on the combined balance sheet and such deferred charge shall be amortized in equal increments in each annual budget commencing with the fiscal year ending June 30, [2007] 2009, and for the succeeding fourteen fiscal years.
- Sec. 3. (NEW) (*Effective from passage*) Notwithstanding any provision of the general statutes, at the end of each fiscal year, if the Comptroller has declared a surplus for that fiscal year, the Comptroller shall

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transfer funds to the Treasurer in an amount equal to the difference 46 47 between the fiscal year ending General Fund Miscellaneous revenue 48 realized, as reported by the Comptroller pursuant to section 3-115 of 49 the general statutes, and the amount identified as Miscellaneous other 50 revenue in the General Fund revenue schedule adopted by the General 51 Assembly for such fiscal year. The Treasurer, in consultation with the 52 Secretary of the Office of Policy and Management, shall use such funds 53 to avoid the issuance of debt or to reduce the outstanding 54 indebtedness of the state.

Sec. 4. Subdivision (74) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on or after October 1,* 2004):

(74) (A) [(i)] For a period not to exceed five assessment years following the assessment year in which it is first registered, any new commercial truck, truck tractor, tractor and semitrailer, and vehicle used in combination therewith, which is used exclusively to transport freight for hire and: Is either subject to the jurisdiction of the United States Department of Transportation pursuant to Chapter 135 of Title 49, United States Code, or any successor thereto, or would otherwise be subject to said jurisdiction except for the fact that the vehicle is used exclusively in intrastate commerce; has a gross vehicle weight rating in excess of twenty-six thousand pounds; and prior to August 1, 1996, was not registered in this state or in any other jurisdiction but was registered in this state on or after said date; [. (ii) For a period not to exceed five assessment years following the assessment year in which it is first registered, any new commercial truck, truck tractor, tractor and semitrailer, and vehicle used in combination therewith, not eligible under subparagraph (A)(i) of this subdivision, that has a gross vehicle weight rating in excess of fifty-five thousand pounds and was not registered in this state or in any other jurisdiction but was registered in this state on or after August 1, 1999. As used in this subdivision, "gross vehicle weight rating" shall have the same meaning as in section 14-1;]

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(B) Any person who on October first in any year holds title to or is the registrant of a vehicle for which such person intends to claim the exemption provided in this subdivision shall file with the assessor or board of assessors in the municipality in which the vehicle is subject to property taxation, on or before the first day of November in such year, a written application claiming such exemption on a form prescribed by the Secretary of the Office of Policy and Management. Such person shall include information as to the make, model, year and vehicle identification number of each such vehicle, and any appurtenances attached thereto, in such application. The person holding title to or the registrant of such vehicle for which exemption is claimed shall furnish the assessor or board of assessors with such supporting documentation as said secretary may require, including, but not limited to, evidence of vehicle use, acquisition cost and registration. Failure to file such application in this manner and form within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year, unless an extension of time is allowed as provided in section 12-81k. Such application shall not be required for any assessment year following that for which the initial application is filed, provided if the vehicle is modified, such modification shall be deemed a waiver of the right to such exemption until a new application is filed and the right to such exemption is established as required initially. With respect to any vehicle for which the exemption under this subdivision has previously been claimed in a town other than that in which the vehicle is registered on any assessment date, the person shall not be entitled to such exemption until a new application is filed and the right to such exemption is established in said town;

(C) With respect to any vehicle which is not registered on the first day of October in any assessment year and which is registered subsequent to said first day of October but prior to the first day of August in such assessment year, the value of such vehicle for property tax exemption purposes shall be a pro rata portion of the value determined in accordance with subparagraph (D) of this subdivision, to be determined by a ratio, the numerator of which shall be the

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- number of months from the date of such registration, including the month in which registration occurs, to the first day of October next succeeding and the denominator of which shall be twelve. For purposes of this subdivision the term "assessment year" means the period of twelve full months commencing with October first each year;
- (D) Notwithstanding the provisions of section 12-71d, the assessor or board of assessors shall determine the value for each vehicle with respect to which a claim for exemption under this subdivision is approved, based on the vehicle's cost of acquisition, including costs related to the modification of such vehicle, adjusted for depreciation in accordance with the schedule set forth in section 12-94c.
- Sec. 5. Subsection (b) of section 12-214 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 1, 2005, and applicable to income years commencing on or after January 1, 2005):
 - (b) (1) With respect to income years commencing on or after January 1, 1989, and prior to January 1, 1992, any company subject to the tax imposed in accordance with subsection (a) of this section shall pay, for each such income year, an additional tax in an amount equal to twenty per cent of the tax calculated under said subsection (a) for such income year, without reduction of the tax so calculated by the amount of any credit against such tax. The additional amount of tax determined under this subsection for any income year shall constitute a part of the tax imposed by the provisions of said subsection (a) and shall become due and be paid, collected and enforced as provided in this chapter.
 - (2) With respect to income years commencing on or after January 1, 1992, and prior to January 1, 1993, any company subject to the tax imposed in accordance with subsection (a) of this section shall pay, for each such income year, an additional tax in an amount equal to ten per cent of the tax calculated under said subsection (a) for such income year, without reduction of the tax so calculated by the amount of any credit against such tax. The additional amount of tax determined

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under this subsection for any income year shall constitute a part of the tax imposed by the provisions of said subsection (a) and shall become due and be paid, collected and enforced as provided in this chapter.

- (3) With respect to income years commencing on or after January 1, 2003, and prior to January 1, 2004, any company subject to the tax imposed in accordance with subsection (a) of this section shall pay, for each such income year, an additional tax in an amount equal to twenty per cent of the tax calculated under said subsection (a) [or section 91 of public act 03-1 of the June 30 special session*,] for such income year, without reduction of the tax so calculated by the amount of any credit against such tax. The additional amount of tax determined under this subsection for any income year shall constitute a part of the tax imposed by the provisions of said subsection (a) and shall become due and be paid, collected and enforced as provided in this chapter.
- (4) With respect to income years commencing on or after January 1, 2004, and prior to January 1, 2005, any company subject to the tax imposed in accordance with subsection (a) of this section shall pay, for each such income year, an additional tax in an amount equal to twenty-five per cent of the tax calculated under said subsection (a) [or section 91 of public act 03-1 of the June 30 special session*,] for such income year, without reduction of the tax so calculated by the amount of any credit against such tax, except that any company that pays the minimum tax of two hundred fifty dollars under section 12-219, as amended by this act, or 12-223c for such income year shall not be subject to the additional tax imposed by this subdivision. The additional amount of tax determined under this subdivision for any income year shall constitute a part of the tax imposed by the provisions of said subsection (a) and shall become due and be paid, collected and enforced as provided in this chapter.
- (5) With respect to income years commencing on or after January 1, 2005, and prior to January 1, 2006, any company subject to the tax imposed in accordance with subsection (a) of this section shall pay, for

- each such income year, an additional tax in an amount equal to fifteen
 per cent of the tax calculated under said subsection (a) for such income
 year, without reduction of the tax so calculated by the amount of any
 credit against such tax. The additional amount of tax determined
 under this subsection for any income year shall constitute a part of the
 tax imposed by the provisions of said subsection (a) and shall become
 due and be paid, collected and enforced as provided in this chapter.
 - (6) With respect to income years commencing on or after January 1, 2006, and prior to January 1, 2007, any company subject to the tax imposed in accordance with subsection (a) of this section shall pay, for each such income year, an additional tax in an amount equal to ten per cent of the tax calculated under said subsection (a) for such income year, without reduction of the tax so calculated by the amount of any credit against such tax. The additional amount of tax determined under this subsection for any income year shall constitute a part of the tax imposed by the provisions of said subsection (a) and shall become due and be paid, collected and enforced as provided in this chapter.
- Sec. 6. Subsection (b) of section 12-219 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 1, 2005, and applicable to income years commencing on or after January 1, 2005):
 - (b) (1) With respect to income years commencing on or after January 1, 1989, and prior to January 1, 1992, the additional tax imposed on any company and calculated in accordance with subsection (a) of this section shall, for each such income year, except when the tax so calculated is equal to two hundred fifty dollars, be increased by adding thereto an amount equal to twenty per cent of the additional tax so calculated for such income year, without reduction of the additional tax so calculated by the amount of any credit against such tax. The increased amount of tax payable by any company under this section, as determined in accordance with this subsection, shall become due and be paid, collected and enforced as provided in this chapter.

- (2) With respect to income years commencing on or after January 1, 1992, and prior to January 1, 1993, the additional tax imposed on any company and calculated in accordance with subsection (a) of this section shall, for each such income year, except when the tax so calculated is equal to two hundred fifty dollars, be increased by adding thereto an amount equal to ten per cent of the additional tax so calculated for such income year, without reduction of the tax so calculated by the amount of any credit against such tax. The increased amount of tax payable by any company under this section, as determined in accordance with this subsection, shall become due and be paid, collected and enforced as provided in this chapter.
- (3) With respect to income years commencing on or after January 1, 2003, and prior to January 1, 2004, the additional tax imposed on any company and calculated in accordance with subsection (a) of this section [or section 91 of public act 03-1 of the June 30 special session*,] shall, for each such income year, be increased by adding thereto an amount equal to twenty per cent of the additional tax so calculated for such income year, without reduction of the tax so calculated by the amount of any credit against such tax. The increased amount of tax payable by any company under this section, as determined in accordance with this subsection, shall become due and be paid, collected and enforced as provided in this chapter.
- (4) With respect to income years commencing on or after January 1, 2004, and prior to January 1, 2005, the additional tax imposed on any company and calculated in accordance with subsection (a) of this section [or section 91 of public act 03-1 of the June 30 special session*,] shall, for each such income year, be increased by adding thereto an amount equal to twenty-five per cent of the additional tax so calculated for such income year, without reduction of the tax so calculated by the amount of any credit against such tax, except that any company that pays the minimum tax of two hundred fifty dollars under this section or section 12-223c for such income year shall not be subject to such additional tax. The increased amount of tax payable by

- any company under this subdivision, as determined in accordance with this subsection, shall become due and be paid, collected and enforced as provided in this chapter.
- 245 (5) With respect to income years commencing on or after January 1, 246 2005, and prior to January 1, 2006, the additional tax imposed on any 247 company and calculated in accordance with subsection (a) of this 248 section shall, for each such income year, except when the tax so 249 calculated is equal to two hundred fifty dollars, be increased by adding 250 thereto an amount equal to fifteen per cent of the additional tax so 251 calculated for such income year, without reduction of the tax so 252 calculated by the amount of any credit against such tax. The increased 253 amount of tax payable by any company under this section, as 254 determined in accordance with this subsection, shall become due and 255 be paid, collected and enforced as provided in this chapter.
- 256 (6) With respect to income years commencing on or after January 1, 257 2006, and prior to January 1, 2007, the additional tax imposed on any 258 company and calculated in accordance with subsection (a) of this 259 section shall, for each such income year, except when the tax so calculated is equal to two hundred fifty dollars, be increased by adding 260 261 thereto an amount equal to ten per cent of the additional tax so 262 calculated for such income year, without reduction of the tax so calculated by the amount of any credit against such tax. The increased 263 264 amount of tax payable by any company under this section, as 265 determined in accordance with this subsection, shall become due and be paid, collected and enforced as provided in this chapter. 266
- Sec. 7. Subdivision (4) of subsection (a) of section 12-217 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to income years commencing on or after January 1*, 2000):
- 271 (4) Notwithstanding anything in this section to the contrary, (A) any 272 excess of the deductions provided in this section for any income year 273 commencing on or after January 1, 1973, over the gross income for

such year or the amount of such excess apportioned to this state under the provisions of section 12-218, shall be an operating loss of such income year and shall be deductible as an operating loss carry-over Ifor operating losses incurred prior to income years commencing January 1, 2000, in each of the five income years following such loss year, [and for operating losses incurred in income years commencing on or after January 1, 2000, in each of the twenty income years following such loss year, provided the portion of such operating loss which may be deducted as an operating loss carry-over in any income year following such loss year shall be limited to the lesser of (i) any net income greater than zero of such income year following such loss year, or in the case of a company entitled to apportion its net income under the provisions of section 12-218, the amount of such net income which is apportioned to this state pursuant thereto, or (ii) the excess, if any, of such operating loss over the total of such net income for each of any prior income years following such loss year, such net income of each of such prior income years following such loss year for such purposes being computed without regard to any operating loss carry-over from such loss year allowed by this subparagraph and being regarded as not less than zero, and provided, further, the operating loss of any income year shall be deducted in any subsequent year, to the extent available therefor, before the operating loss of any subsequent income year is deducted, and (B) any net capital loss, as defined in the Internal Revenue Code effective and in force on the last day of the income year, for any income year commencing on or after January 1, 1973, shall be allowed as a capital loss carry-over to reduce, but not below zero, any net capital gain, as so defined, in each of the five following income years, in order of sequence, to the extent not exhausted by the net capital gain of any of the preceding of such five following income years, and (C) any net capital losses allowed and carried forward from prior years to income years beginning on or after January 1, 1973, for federal income tax purposes by companies entitled to a deduction for dividends paid under the Internal Revenue Code other than companies subject to the gross earnings taxes imposed under chapters

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- 308 211 and 212, shall be allowed as a capital loss carry-over.
- Sec. 8. Subsection (a) of section 12-217ee of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):
- 312 (a) [Any] For income years commencing on or after January 1, 2000, 313 and ending prior to January 1, 2005, any taxpayer that (1) is a qualified 314 small business, (2) qualifies for a credit under section 12-217j or section 315 12-217n, and (3) cannot take such credit in the taxable year in which 316 the credit could otherwise be taken as a result of having no tax liability 317 under this chapter may elect to carry such credit forward under this 318 chapter or may apply to the commissioner as provided in subsection 319 (b) of this section to exchange such credit with the state for a credit 320 refund equal to sixty-five per cent of the value of the credit. Any 321 amount of credit refunded under this section shall be refunded to the 322 taxpayer under the provisions of this chapter, except that such credit 323 refund shall not be subject to the provisions of section 12-227. Payment 324 of the capital base tax under section 12-219 for an income year 325 commencing on or after January 1, 2002, in which year the taxpayer 326 reports no net income, as defined in section 12-213, or payment of the 327 minimum tax of two hundred fifty dollars under section 12-219 or 12-328 223c for any income year, shall not be considered a tax liability for 329 purposes of this section.
 - **Sec.** 9. Section 12-296 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to sales occurring on or after July 1, 2005*):
 - A tax is imposed on all cigarettes held in this state by any person for sale, said tax to be at the rate of [seventy-five] <u>one hundred twelve</u> and one-half mills for each cigarette and the payment thereof shall be for the account of the purchaser or consumer of such cigarettes and shall be evidenced by the affixing of stamps to the packages containing the cigarettes as provided in this chapter.

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Sec. 10. Section 12-316 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to the storage or use of unstamped cigarettes occurring on or after July 1, 2005*):

A tax is hereby imposed at the rate of [seventy-five] one hundred twelve and one-half mills for each cigarette upon the storage or use within this state of any unstamped cigarettes in the possession of any person other than a licensed distributor or dealer, or a carrier for transit from without this state to a licensed distributor or dealer within this state. Any person, including distributors, dealers, carriers, warehousemen and consumers, last having possession of unstamped cigarettes in this state shall be liable for the tax on such cigarettes if such cigarettes are unaccounted for in transit, storage or otherwise, and in such event a presumption shall exist for the purpose of taxation that such cigarettes were used and consumed in Connecticut.

Sec. 11. (NEW) (Effective from passage) (a) An excise tax is hereby imposed upon each distributor and each dealer, as each are defined in section 12-285 of the general statutes and licensed pursuant to chapter 214 of the general statutes, in the amount of thirty-seven mills per cigarette, as defined in said section 12-285, in such distributor's or such dealer's inventory as of the close of business on June 30, 2005, or, if the business closes after eleven fifty-nine p.m. on such date, at eleven fifty-nine p.m. on such date.

(b) Each such distributor or dealer shall, not later than August 15, 2005, file with the Commissioner of Revenue Services, on forms prescribed by said commissioner, a report that shows the number of cigarettes in inventory as of the close of business on June 30, 2005, or, if the business closes after eleven fifty-nine p.m. on such date, at eleven fifty-nine p.m. on such date, upon which inventory the tax under subsection (a) of this section shall be imposed. The tax shall be due and payable on the due date of such report. If any distributor or dealer required to file a report pursuant to this section fails to file such report

on or before August 15, 2005, the commissioner shall make an estimate of the number of cigarettes in such distributor's or dealer's inventory as of the close of business on June 30, 2005, based upon any information that is in the commissioner's possession or that may come into the commissioner's possession. The provisions of chapter 214 of the general statutes pertaining to failure to file returns, examination of returns by the commissioner, the issuance of deficiency assessments or assessments where no return has been filed, the collection of tax, the imposition of penalties and the accrual of interest shall apply to the distributors and dealers required to pay the tax imposed under this section. Failure of any distributor or dealer to file such report when due shall be sufficient reason to revoke such distributor's or dealer's license under the provisions of said chapter 214 and to revoke any other state license or permit held by such distributor or dealer.

Sec. 12. (NEW) (*Effective from passage*) The amount of tax collected by the Commissioner of Revenue Services pursuant to section 11 of this act, and the amount of revenue received by said commissioner during June or July of 2005 that is attributable to the cigarette tax rate increase pursuant to sections 12-296 and 12-316 of the general statutes, as amended by this act, is to be recorded as revenue for the fiscal year ending on June 30, 2006.

- Sec. 13. Subsection (a) of section 12-330c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to sales occurring on or after July 1, 2005*):
- (a) (1) A tax is imposed on all tobacco products held in this state by any person. Except as otherwise provided in subdivision (2) of this subsection with respect to the rate of tax on snuff tobacco products, the tax shall be imposed at the rate of [twenty] <u>ninety</u> per cent of the wholesale sales price of such products.
- 400 (2) The tax shall be imposed on snuff tobacco products, on the net 401 weight as listed by the manufacturer, as follows: [Forty] <u>One dollar</u> 402 <u>and eighty</u> cents per ounce of snuff and a proportionate tax at the like

rate on all fractional parts of an ounce of snuff.

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Sec. 14. Subsections (d) and (e) of section 12-344 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to transfers from estates of decedents who die on or after January 1*, 2005):

408 (d) The tax under this section applicable to the net taxable estate of 409 any transferor, whose death occurs on or after January 1, 1999, passing 410 to a class B beneficiary shall be imposed as follows: (1) If the death of 411 the transferor occurs on or after January 1, 1999, but prior to January 1, 412 2000, at the rate of (A) six per cent on the amount in excess of two 413 hundred thousand dollars in value to and including two hundred fifty 414 thousand dollars, (B) seven per cent on the amount in excess of two 415 hundred fifty thousand dollars in value to and including four hundred 416 thousand dollars, (C) eight per cent on the amount in excess of four 417 hundred thousand dollars in value to and including six hundred 418 thousand dollars, (D) nine per cent on the amount in excess of six 419 hundred thousand dollars in value to and including one million 420 dollars, and (E) ten per cent on the amount in excess of one million 421 dollars in value, (2) if the death of the transferor occurs on or after 422 January 1, 2000, but prior to January 1, 2001, at the rate of (A) eight per 423 cent on the amount in excess of four hundred thousand dollars in 424 value to and including six hundred thousand dollars, (B) nine per cent 425 on the amount in excess of six hundred thousand dollars in value to 426 and including one million dollars, and (C) ten per cent on the amount 427 in excess of one million dollars in value, (3) if the death of the 428 transferor occurs on or after January 1, 2001, but prior to January 1, 429 [2005] 2007, at the rate of (A) nine per cent on the amount in excess of 430 six hundred thousand dollars in value to and including one million 431 dollars, and (B) ten per cent on the amount in excess of one million 432 dollars in value, (4) if the death of the transferor occurs on or after 433 January 1, [2005] 2007, but prior to January 1, [2006] 2008, at the rate of 434 eight per cent on the amount in excess of one million five hundred 435 thousand dollars in value, and (5) if the death of the transferor occurs

on or after January 1, [2006] 2008, the net taxable estate passing to a class B beneficiary shall not be subject to tax under this chapter.

438 (e) The tax under this section applicable to the net taxable estate of 439 any transferor, whose death occurs on or after January 1, 2001, passing 440 to a class C beneficiary shall be imposed as follows: (1) If the death of 441 the transferor occurs on or after January 1, 2001, but prior to January 1, 442 [2005] 2007, at the rate of (A) ten per cent on the amount in excess of 443 two hundred thousand dollars in value to and including two hundred 444 fifty thousand dollars, (B) eleven per cent on the amount in excess of 445 two hundred fifty thousand dollars in value to and including four 446 hundred thousand dollars, (C) twelve per cent on the amount in excess 447 of four hundred thousand dollars in value to and including six 448 hundred thousand dollars, (D) thirteen per cent on the amount in 449 excess of six hundred thousand dollars in value to and including one 450 million dollars, and (E) fourteen per cent on the amount in excess of 451 one million dollars in value, (2) if the death of the transferor occurs on 452 or after January 1, [2005] 2007, but prior to January 1, [2006] 2008, at 453 the rate of (A) twelve per cent on the amount in excess of four hundred 454 thousand dollars in value to and including six hundred thousand 455 dollars, (B) thirteen per cent on the amount in excess of six hundred 456 thousand dollars in value to and including one million dollars, and (C) 457 fourteen per cent on the amount in excess of one million dollars in 458 value, (3) if the death of the transferor occurs on or after January 1, 459 [2006] 2008, but prior to January 1, [2007] 2009, at the rate of (A) 460 thirteen per cent on the amount in excess of six hundred thousand 461 dollars in value to and including one million dollars, and (B) fourteen 462 per cent on the amount in excess of one million dollars in value, (4) if 463 the death of the transferor occurs on or after January 1, [2007] 2009, but 464 prior to January 1, [2008] 2010, at the rate of fourteen per cent on the 465 amount in excess of one million five hundred thousand dollars in 466 value, and (5) if the death of the transferor occurs on or after January 1, 467 [2008] 2010, the net taxable estate passing to a class C beneficiary shall 468 not be subject to tax under this chapter.

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Sec. 15. Subparagraph (J) of subdivision (37) of subsection (a) of section 12-407 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005, and applicable to sales occurring on or after July 1, 2005*):

- (J) Business analysis, management, management consulting and public relations services, excluding (i) any environmental consulting services, and (ii) any training services provided by an institution of higher education licensed or accredited by the Board of Governors of Higher Education pursuant to section 10a-34. [, and (iii) on and after January 1, 1994, any business analysis, management, management consulting and public relations services when such services are rendered in connection with an aircraft leased or owned by a certificated air carrier or in connection with an aircraft which has a maximum certificated take-off weight of six thousand pounds or more;]
- Sec. 16. Section 12-435 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to sales of alcoholic beverages occurring on or after July 1, 2005*):
- Each distributor of alcoholic beverages shall pay a tax to the state on all sales within the state of alcoholic beverages, except sales to licensed distributors, sales of alcoholic beverages which, in the course of such sales, are actually transported to some point without the state and except malt beverages which are consumed on the premises covered by a manufacturer's permit, at the rates for the respective categories of alcoholic beverages listed below:
- (a) Beer, six dollars <u>and ninety cents</u> for each barrel, three dollars <u>and forty-five cents</u> for each half barrel, one dollar and [fifty] <u>seventy-three</u> cents for each quarter barrel and [twenty] <u>twenty-three</u> cents per wine gallon or fraction thereof on quantities less than a quarter barrel;
- (b) Liquor, [four dollars and fifty] <u>five dollars and eighteen</u> cents per wine gallon;

- (c) Still wines containing not more than twenty-one per cent of absolute alcohol, except as provided in subsections (g) and (h) of this section, [sixty] <u>sixty-nine</u> cents per wine gallon;
- (d) Still wines containing more than twenty-one per cent of absolute alcohol and sparkling wines, one dollar and [fifty] seventy-three cents per wine gallon;
- (e) Alcohol in excess of 100 proof, [four dollars and fifty] <u>five dollars</u>
 and eighteen cents per proof gallon;
 - (f) Liquor coolers containing not more than seven per cent of alcohol by volume, two dollars and [five] thirty-six cents per wine gallon;
 - (g) Still wine containing not more than twenty-one per cent of absolute alcohol, produced by a person who produces not more than fifty-five thousand wine gallons of wine during the calendar year, [fifteen] seventeen cents per wine gallon, provided such person presents to each distributor of alcoholic beverages described in this section a certificate, issued by the commissioner, stating that such person produces not more than fifty-five thousand wine gallons of wine during the calendar year. The commissioner is authorized to issue such certificates, prescribe the procedures for obtaining such certificates and prescribe their form; and
 - (h) Cider containing not more than seven per cent of absolute alcohol shall be subject to the same rate as applies to beer, as provided in subsection (a) of this section.
- Sec. 17. (NEW) (*Effective from passage*) (a) No person, except a licensed distributor, shall, on or after July 1, 2005, sell, or after August 15, 2005, possess with intent to sell, alcoholic beverages owned by such person and held within this state on July 1, 2005, without complying with the provisions of this section. Each such person shall take an inventory of the alcoholic beverages owned by said person and held within this state at the opening of business on July 1, 2005, including

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therein the whole number and any fractional part of: (1) Barrels, half barrels, quarter barrels and wine gallons of quantities less than quarter barrels, of (A) beer, and (B) cider containing not more than seven per cent of absolute alcohol; (2) wine gallons of liquor; (3) wine gallons of still wines containing not more than twenty-one per cent of absolute alcohol; (4) wine gallons of (A) still wines containing more than twenty-one per cent of absolute alcohol, and (B) sparkling wines; (5) proof gallons of alcohol in excess of one hundred proof; and (6) liquor coolers containing not more than seven per cent alcohol by volume. Each such person shall, not later than August 15, 2005, file a report of such inventory with the Commissioner of Revenue Services on forms to be prescribed or furnished by said commissioner. The tax, at rates for the respective categories of alcoholic beverages as set forth in subsection (b) of this section, shall be due and payable on the due date of such report.

(b) The tax rates for the categories of alcoholic beverages as set forth in subsection (a) of this section are: (1) (A) Beer, and (B) cider containing not more than seven per cent of absolute alcohol, ninety cents for each barrel, forty-five cents for each half barrel, twenty-three cents for each quarter barrel, and three cents per wine gallon or fraction thereof on quantities less than a quarter barrel; (2) liquor, sixty-eight cents per wine gallon; (3) still wines containing not more than twenty-one per cent of absolute alcohol, nine cents per wine gallon; (4) (A) still wines containing more than twenty-one per cent of absolute alcohol, and (B) sparkling wines, twenty-three cents per wine gallon; (5) alcohol in excess of one hundred proof, sixty-eight cents per proof gallon; (6) liquor coolers containing not more than seven per cent of alcohol by volume, thirty-one cents per wine gallon; and (7) still wines containing not more than twenty-one per cent of absolute alcohol, produced by a person who produces not more than fifty-five thousand gallons of wine during the calendar year, two cents per wine gallon.

(c) If any person required to file a report under this section fails to

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file such report on or before August 15, 2005, the commissioner shall make an estimate of the amounts of alcoholic beverages of the categories specified in subsection (a) of this section owned by such person and held within this state on July 1, 2005, based upon any information that is in the commissioner's possession or that may come into the commissioner's possession. The provisions of chapter 220 of the general statutes regarding failure to file returns, examination of returns by the commissioner, the issuance of deficiency assessments or assessments where no return has been filed, the collection of tax, the imposition of penalties and the accrual of interest shall apply to the persons required to pay the tax imposed pursuant to this section as if such persons were distributors licensed under said chapter 220. Failure to file such report and pay the tax when due shall be sufficient reason to revoke any state license or permit held by such person.

- (d) The Commissioner of Consumer Protection shall cooperate with the Commissioner of Revenue Services in the enforcement of this tax.
- Sec. 18. Section 12-460a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):
 - [(a)] Notwithstanding the provisions of section 13b-61, with respect to [the] fiscal [year] <u>years</u> ending <u>on and after</u> June 30, [2003] <u>2006</u>, the Commissioner of Revenue Services shall deposit into the Conservation Fund established under section 22a-27h two million dollars of the amount of the funds received by the state from the tax imposed under this chapter attributable to sales of fuel from distributors to any boat yard, public or private marina or other entity renting or leasing slips, dry storage, mooring or other space for marine vessels provided (1) two hundred fifty thousand dollars shall be credited to the boating account, and (2) one million dollars shall be credited to the fisheries account of which not less than seventy-five thousand dollars shall be allocated to The University of Connecticut for the Long Island Sound councils.
- [(b) With respect to fiscal years ending on or after June 30, 2004, the

595 Commissioner of Revenue Services shall deposit into the Conservation 596 Fund established under section 22a-27h three million dollars of the 597 amount of the funds received by the state from the tax imposed under 598 this chapter attributable to sales of fuel from distributors to any boat 599 yard, public or private marina or other entity renting or leasing slips, 600 dry storage, mooring or other space for marine vessels provided (1) 601 two hundred fifty thousand dollars shall be credited to the boating 602 account, and (2) two million dollars shall be credited to the fisheries 603 account of which not less than seventy-five thousand dollars shall be 604 allocated to The University of Connecticut for the Long Island Sound 605 councils.]

Sec. 19. Subsection (a) of section 12-642 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from* passage and applicable to calendar years commencing on or after January 1, 2005):

(a) (1) With respect to calendar years commencing prior to January 1, 2001, the tax imposed by section 12-640 for the calendar year shall be at a rate of the taxable gifts made by the donor during the calendar year set forth in the following schedule:

T1	Amount of Taxable Gifts	Rate of Tax
T2	Not over \$25,000	1%
T3	Over \$25,000	\$250, plus 2% of the excess
T4	but not over \$50,000	over \$25,000
T5	Over \$50,000	\$750, plus 3% of the excess
T6	but not over \$75,000	over \$50,000
T7	Over \$75,000	\$1,500, plus 4% of the excess
T8	but not over \$100,000	over \$75,000
T9	Over \$100,000	\$2,500, plus 5% of the excess
T10	but not over \$200,000	over \$100,000
T11	Over \$200,000	\$7,500, plus 6% of the excess
T12		over \$200,000

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614	(2) With respect to the calendar years commencing January 1, 2001,
615	January 1, 2002, January 1, 2003, January 1, 2004, [and] January 1, 2005,
616	January 1, 2006, and January 1, 2007, the tax imposed by section 12-640
617	for each such calendar year shall be at a rate of the taxable gifts made
618	by the donor during the calendar year set forth in the following
619	schedule:

T13	Amount of Taxable Gifts	Rate of Tax
T14	Over \$25,000	\$250, plus 2% of the excess
T15	but not over \$50,000	over \$25,000
T16	Over \$50,000	\$750, plus 3% of the excess
T17	but not over \$75,000	over \$50,000
T18	Over \$75,000	\$1,500, plus 4% of the excess
T19	but not over \$100,000	over \$75,000
T20	Over \$100,000	\$2,500, plus 5% of the excess
T21	but not over \$675,000	over \$100,000
T22	Over \$675,000	\$31,250, plus 6% of the excess
T23		over \$675,000

(3) With respect to the calendar year commencing January 1, [2006] 2008, the tax imposed by section 12-640 for the calendar year shall be at a rate of the taxable gifts made by the donor during the calendar year set forth in the following schedule:

T24	Amount of Taxable Gifts	Rate of Tax
T25	Over \$50,000	\$750, plus 3% of the excess
T26	but not over \$75,000	over \$50,000
T27	Over \$75,000	\$1,500, plus 4% of the excess
T28	but not over \$100,000	over \$75,000
T29	Over \$100,000	\$2,500, plus 5% of the excess
T30	but not over \$700,000	over \$100,000
T31	Over \$700,000	\$32,500, plus 6% of the excess
T32		over \$700,000

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624	(4) With respect to the calendar year commencing January 1, [2007]
625	2009, the tax imposed by section 12-640 for the calendar year shall be at
626	a rate of the taxable gifts made by the donor during the calendar year
627	set forth in the following schedule:

T33	Amount of Taxable Gifts	Rate of Tax
T34	Over \$75,000	\$1,500, plus 4% of the excess
T35	but not over \$100,000	over \$75,000
T36	Over \$100,000	\$2,500, plus 5% of the excess
T37	but not over \$700,000	over \$100,000
T38	Over \$700,000	\$32,500, plus 6% of the excess
T39		over \$700,000

(5) With respect to the calendar year commencing January 1, [2008] 2010, the tax imposed by section 12-640 for the calendar year shall be at a rate of the taxable gifts made by the donor during the calendar year set forth in the following schedule:

T40	Amount of Taxable Gifts	Rate of Tax
T41	Over \$100,000	\$2,500, plus 5% of the excess
T42	but not over \$850,000	over \$100,000
T43	Over \$850,000	\$40,000, plus 6% of the excess
T44		over \$850,000

(6) With respect to the calendar year commencing January 1, [2009] 2011, the tax imposed by section 12-640 for the calendar year shall be at a rate of the taxable gifts made by the donor during the calendar year set forth in the following schedule:

T45	Amount of Taxable Gifts	Rate of Tax
T46	Over \$950,000	\$45,000, plus 6% of the excess
T47		over \$950,000

636 (7) With respect to the calendar year commencing January 1, [2010] 637 2012, and each calendar year thereafter, the tax imposed by section 12-638 640 for the calendar year shall be at a rate of the taxable gifts made by the donor during the calendar year set forth in the following schedule:

T48	Amount of Taxable Gifts	Rate of Tax
T49	Over \$1,000,000	\$47,500, plus 6% of the excess
T50		over \$1,000,000

Sec. 20. Subparagraph (B) of subdivision (20) of subsection (a) of section 12-701 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable for taxable years commencing on or after January 1*, 2005):

(B) There shall be subtracted therefrom (i) to the extent properly includable in gross income for federal income tax purposes, any income with respect to which taxation by any state is prohibited by federal law, (ii) to the extent allowable under section 12-718, exempt dividends paid by a regulated investment company, (iii) the amount of any refund or credit for overpayment of income taxes imposed by this state, or any other state of the United States or a political subdivision thereof, or the District of Columbia, to the extent properly includable in gross income for federal income tax purposes, (iv) to the extent properly includable in gross income for federal income tax purposes and not otherwise subtracted from federal adjusted gross income pursuant to clause (x) of this subparagraph in computing Connecticut adjusted gross income, any tier 1 railroad retirement benefits, (v) to the extent any additional allowance for depreciation under Section 168(k) of the Internal Revenue Code, as provided by Section 101 of the Job Creation and Worker Assistance Act of 2002, for property placed in service after December 31, 2001, but prior to September 10, 2004, was added to federal adjusted gross income pursuant to subparagraph (A) (ix) of this subdivision in computing Connecticut adjusted gross income for a taxable year ending after December 31, 2001, twenty-five

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per cent of such additional allowance for depreciation in each of the four succeeding taxable years, (vi) to the extent properly includable in gross income for federal income tax purposes, any interest income from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut, (vii) to the extent properly includable in determining the net gain or loss from the sale or other disposition of capital assets for federal income tax purposes, any gain from the sale or exchange of obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut, in the income year such gain was recognized, (viii) any interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest on which is subject to tax under this chapter but exempt from federal income tax, to the extent that such interest on indebtedness is not deductible in determining federal adjusted gross income and is attributable to a trade or business carried on by such individual, (ix) ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income which is subject to taxation under this chapter but exempt from federal income tax, or the management, conservation or maintenance of property held for the production of such income, and the amortizable bond premium for the taxable year on any bond the interest on which is subject to tax under this chapter but exempt from federal income tax, to the extent that such expenses and premiums are not deductible in determining federal adjusted gross income and are attributable to a trade or business carried on by such individual, (x) (I) for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is less than fifty thousand dollars, or as a married individual filing separately whose federal adjusted gross income for such taxable year is less than fifty thousand dollars, or for a husband and wife who file a return under

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the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than sixty thousand dollars or a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is less than sixty thousand dollars, an amount equal to the Social Security benefits includable for federal income tax purposes; and (II) for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is fifty thousand dollars or more, or as a married individual filing separately whose federal adjusted gross income for such taxable year is fifty thousand dollars or more, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income from such taxable year is sixty thousand dollars or more or for a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is sixty thousand dollars or more, an amount equal to the difference between the amount of Social Security benefits includable for federal income tax purposes and the lesser of twenty-five per cent of the Social Security benefits received during the taxable year, or twenty-five per cent of the excess described in Section 86(b)(1) of the Internal Revenue Code, (xi) to the extent properly includable in gross income for federal income tax purposes, any amount rebated to a taxpayer pursuant to section 12-746, (xii) to the extent properly includable in the gross income for federal income tax purposes of a designated beneficiary, any distribution to such beneficiary from any qualified state tuition program, as defined in Section 529(b) of the Internal Revenue Code, established and maintained by this state or any official, agency or instrumentality of the state, (xiii) to the extent properly includable in gross income for federal income tax purposes, the amount of any Holocaust victims' settlement payment received in the taxable year by a Holocaust victim, [and] (xiv) to the extent properly includable in gross income for federal income tax purposes of an account holder, as defined in section 31-51ww, interest earned on funds deposited in the

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individual development account, as defined in section 31-51ww, of such account holder, and (xv) to the extent properly included in gross income for federal income tax purposes, fifty per cent of the income received from the United States government as retirement pay for a retired member of (I) the Armed Forces of the United States, as defined in Section 101 of Title 10 of the United States Code, or (II) the National Guard, as defined in Section 101 of Title 10 of the United States Code.

Sec. 21. Subdivision (24) of subsection (a) of section 12-701 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable for taxable years commencing on or after January 1, 2005*):

(24) "Adjusted federal tentative minimum tax" of an individual means such individual's federal tentative minimum tax or, in the case of an individual whose Connecticut adjusted gross income includes modifications described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section or subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), [or] (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of this section, as amended by this act, the amount that would have been the federal tentative minimum tax if such tax were calculated by including, to the extent not includable in federal alternative minimum taxable income, the modifications described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section, by excluding, to the extent includable in federal alternative minimum taxable income, the modifications described in subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), [or] (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of this section, as amended by this act, and by excluding, to the extent includable in federal alternative minimum taxable income, the amount of any interest income or exempt-interest dividends, as defined in Section 852(b)(5) of the Internal Revenue Code, from obligations that are issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or

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local authority, district, or similar public entity that is created under the laws of the state of Connecticut, or from obligations that are issued by or on behalf of any territory or possession of the United States, any political subdivision of such territory or possession, or public instrumentality, authority, district or similar public entity of such territory or possession, the income with respect to which taxation by any state is prohibited by federal law. If such individual is a beneficiary of a trust or estate, then, in calculating his or her federal tentative minimum tax, his or her federal alternative taxable income shall be increased or decreased, as the case may be, by the net amount of such individual's proportionate share of the Connecticut fiduciary adjustment relating to modifications that are described in, to the extent not includable in federal alternative minimum taxable income, subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section, or, to the extent includable in federal alternative minimum taxable income, subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), [or] (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of this section, as amended by this act.

Sec. 22. Subdivision (30) of subsection (a) of section 12-701 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable for taxable years commencing on or after January 1*, 2005):

(30) "Adjusted federal alternative minimum taxable income" of an individual means his or her federal alternative minimum taxable income or, in the case of an individual whose Connecticut adjusted gross income includes modifications described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section or subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), [or] (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of this section, as amended by this act, the amount that would have been the federal alternative minimum taxable income if such amount were calculated by including, to the

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extent not includable in federal alternative minimum taxable income, the modifications described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section, by excluding, to the extent includable in federal alternative taxable income, modifications described minimum the subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), [or] (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of this section, as amended by this act, and by excluding, to the extent includable in federal alternative minimum taxable income, the amount of any interest income or exempt-interest dividends, as defined in Section 852(b)(5) of the Internal Revenue Code, from obligations that are issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district, or similar public entity that is created under the laws of the state of Connecticut, or from obligations that are issued by or on behalf of any territory or possession of the United States, any political subdivision of such territory or possession, or public instrumentality, authority, district or similar public entity of such territory or possession, the income with respect to which taxation by any state is prohibited by federal law. If such individual is a beneficiary of a trust or estate, then, for purposes of calculating his or her adjusted federal alternative minimum taxable income, his or her federal alternative minimum taxable income shall also be increased or decreased, as the case may be, by the net amount of such individual's proportionate share of the Connecticut fiduciary adjustment relating to modifications to the extent not includable in federal alternative minimum taxable income, that are described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section or to the extent includable in federal alternative minimum taxable income, subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), [or] (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of this section, as amended by this act.

Sec. 23. Subsection (a) of section 12-702 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from*

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- passage and applicable to taxable years commencing on or after January 1, 2005):
 - (a) (1) (A) Any person, other than a trust or estate, subject to the tax under this chapter for any taxable year who files under the federal income tax for such taxable year as a married individual filing separately or, for taxable years commencing prior to January 1, 2000, who files income tax for such taxable year as an unmarried individual shall be entitled to a personal exemption of twelve thousand dollars in determining Connecticut taxable income for purposes of this chapter.
 - (B) In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-four thousand dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption.
 - (2) For taxable years commencing on or after January 1, 2000, any person, other than a trust or estate, subject to the tax under this chapter for any taxable year who files under the federal income tax for such taxable year as an unmarried individual shall be entitled to a personal exemption in determining Connecticut taxable income for purposes of this chapter as follows:
 - (A) For taxable years commencing on or after January 1, 2000, but prior to January 1, 2001, twelve thousand two hundred fifty dollars. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-four thousand five hundred dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption;

- (B) For taxable years commencing on or after January 1, 2001, but prior to January 1, 2004, twelve thousand five hundred dollars. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-five thousand dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption;
- (C) For taxable years commencing on or after January 1, 2004, but prior to January 1, [2005] 2007, twelve thousand six hundred twenty-five dollars. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-five thousand two hundred fifty dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption;
- (D) For taxable years commencing on or after January 1, [2005] 2007, but prior to January 1, [2006] 2008, twelve thousand seven hundred fifty dollars. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-five thousand five hundred dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption;
- (E) For taxable years commencing on or after January 1, [2006] 2008, but prior to January 1, [2007] 2009, thirteen thousand dollars. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-six thousand dollars, the exemption amount shall be reduced by one thousand dollars for each

- one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption;
 - (F) For taxable years commencing on or after January 1, [2007] 2009, but prior to January 1, [2008] 2010, thirteen thousand five hundred dollars. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-seven thousand dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption;
 - (G) For taxable years commencing on or after January 1, [2008] 2010, but prior to January 1, [2009] 2011, fourteen thousand dollars. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-eight thousand dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption;
 - (H) For taxable years commencing on or after January 1, [2009] <u>2011</u>, but prior to January 1, [2010] <u>2012</u>, fourteen thousand five hundred dollars. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds twenty-nine thousand dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption;
- 926 (I) For taxable years commencing on or after January 1, [2010] 2012,

fifteen thousand dollars. In the case of any such taxpayer whose Connecticut adjusted gross income for the taxable year exceeds thirty thousand dollars, the exemption amount shall be reduced by one thousand dollars for each one thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income for the taxable year exceeds said amount. In no event shall the reduction exceed one hundred per cent of the exemption.

Sec. 24. Subparagraphs (C) to (I), inclusive, of subdivision (2) of subsection (a) of section 12-703 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1*, 2005):

(C) For taxable years commencing on or after January 1, 2004, but prior to January 1, [2005] 2007:

T51	Connecticut	
T52	Adjusted Gross Income	Amount of Credit
T53	Over \$12,625 but	
T54	not over \$15,750	75%
T55	Over \$15,750 but	
T56	not over \$16,250	70%
T57	Over \$16,250 but	
T58	not over \$16,750	65%
T59	Over \$16,750 but	
T60	not over \$17,250	60%
T61	Over \$17,250 but	
T62	not over \$17,750	55%
T63	Over \$17,750 but	
T64	not over \$18,250	50%
T65	Over \$18,250 but	
T66	not over \$18,750	45%
T67	Over \$18,750 but	
T68	not over \$19,250	40%
T69	Over \$19,250 but	

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		Bill No. 6684
T70	not over \$21,050	35%
T71	Over \$21,050 but	
T72	not over \$21,550	30%
T73	Over \$21,550 but	
T74	not over \$22,050	25%
T75	Over \$22,050 but	
T76	not over \$22,550	20%
T77	Over \$22,550 but	
T78	not over \$26,300	15%
T79	Over \$26,300 but	
T80	not over \$26,800	14%
T81	Over \$26,800 but	
T82	not over \$27,300	13%
T83	Over \$27,300 but	
T84	not over \$27,800	12%
T85	Over \$27,800 but	
T86	not over \$28,300	11%
T87	Over \$28,300 but	
T88	not over \$50,500	10%
T89	Over \$50,500 but	
T90	not over \$51,000	9%
T91	Over \$51,000 but	
T92	not over \$51,500	8%
T93	Over \$51,500 but	
T94	not over \$52,000	7%
T95	Over \$52,000 but	
T96	not over \$52,500	6%
T97	Over \$52,500 but	
T98	not over \$53,000	5%
T99	Over \$53,000 but	
T100	not over \$53,500	4%
T101	Over \$53,500 but	
T102	not over \$54,000	3%
T103	Over \$54,000 but	

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T104	not over \$54,500	2%
T105	Over \$54,500 but	
T106	not over \$55,000	1%
940	(D) For taxable years commencin	g on or after January 1, [2005] <u>2007</u>
941	but prior to January 1, [2006] 2008:	8 or or moor jurisury 1, [2000] <u>2001</u>
,	2 40 prior to juntainly 2, [2000] <u>2000</u> .	
T107	Connecticut	
T108	Adjusted Gross Income	Amount of Credit
T109	Over \$12,750 but	
T110	not over \$15,900	75%
T111	Over \$15,900 but	
T112	not over \$16,400	70%
T113	Over \$16,400 but	
T114	not over \$16,900	65%
T115	Over \$16,900 but	
T116	not over \$17,400	60%
T117	Over \$17,400 but	
T118	not over \$17,900	55%
T119	Over \$17,900 but	
T120	not over \$18,400	50%
T121	Over \$18,400 but	
T122	not over \$18,900	45%
T123	Over \$18,900 but	
T124	not over \$19,400	40%
T125	Over \$19,400 but	
T126	not over \$21,300	35%
T127	Over \$21,300 but	
T128	not over \$21,800	30%
T129	Over \$21,800 but	
T130	not over \$22,300	25%
T131	Over \$22,300 but	
T132	not over \$22,800	20%

·		Bill No. 6684
T133	Over \$22,800 but	
T134	not over \$26,600	15%
T135	Over \$26,600 but	
T136	not over \$27,100	14%
T137	Over \$27,100 but	
T138	not over \$27,600	13%
T139	Over \$27,600 but	
T140	not over \$28,100	12%
T141	Over \$28,100 but	
T142	not over \$28,600	11%
T143	Over \$28,600 but	
T144	not over \$51,000	10%
T145	Over \$51,000 but	
T146	not over \$51,500	9%
T147	Over \$51,500 but	
T148	not over \$52,000	8%
T149	Over \$52,000 but	
T150	not over \$52,500	7%
T151	Over \$52,500 but	
T152	not over \$53,000	6%
T153	Over \$53,000 but	
T154	not over \$53,500	5%
T155	Over \$53,500 but	
T156	not over \$54,000	4%
T157	Over \$54,000 but	
T158	not over \$54,500	3%
T159	Over \$54,500 but	
T160	not over \$55,000	2%
T161	Over \$55,000 but	
T162	not over \$55,500	1%

^{942 (}E) For taxable years commencing on or after January 1, [2006] 2008, 943 but prior to January 1, [2007] 2009:

		Bill No. 6684
T163	Connecticut	
T164	Adjusted Gross Income	Amount of Credit
T165	Over \$13,000 but	
T166	not over \$16,300	75%
T167	Over \$16,300 but	
T168	not over \$16,800	70%
T169	Over \$16,800 but	
T170	not over \$17,300	65%
T171	Over \$17,300 but	
T172	not over \$17,800	60%
T173	Over \$17,800 but	
T174	not over \$18,300	55%
T175	Over \$18,300 but	
T176	not over \$18,800	50%
T177	Over \$18,800 but	
T178	not over \$19,300	45%
T179	Over \$19,300 but	
T180	not over \$19,800	40%
T181	Over \$19,800 but	
T182	not over \$21,700	35%
T183	Over \$21,700 but	
T184	not over \$22,200	30%
T185	Over \$22,200 but	
T186	not over \$22,700	25%
T187	Over \$22,700 but	
T188	not over \$23,200	20%
T189	Over \$23,200 but	
T190	not over \$27,100	15%
T191	Over \$27,100 but	
T192	not over \$27,600	14%
T193	Over \$27,600 but	
T194	not over \$28,100	13%
T195	Over \$28,100 but	
T196	not over \$28,600	12%

		Bill No. 6684
T197	Over \$28,600 but	
T198	not over \$29,100	11%
T199	Over \$29,100 but	
T200	not over \$52,000	10%
T201	Over \$52,000 but	
T202	not over \$52,500	9%
T203	Over \$52,500 but	
T204	not over \$53,000	8%
T205	Over \$53,000 but	
T206	not over \$53,500	7%
T207	Over \$53,500 but	
T208	not over \$54,000	6%
T209	Over \$54,000 but	
T210	not over \$54,500	5%
T211	Over \$54,500 but	
T212	not over \$55,000	4%
T213	Over \$55,000 but	
T214	not over \$55,500	3%
T215	Over \$55,500 but	
T216	not over \$56,000	2%
T217	Over \$56,000 but	
T218	not over \$56,500	1%
944	(E) For tayahla waars common sin	a on or ofter Innuary 1 [2007] 2000
945		g on or after January 1, [2007] <u>2009</u> ,
943	but prior to January 1, [2008] <u>2010</u> :	
T219	Connecticut	
T220	Adjusted Gross Income	Amount Of Credit
T221	Over \$13,500 but	
T222	not over \$16,900	75%
T223	Over \$16,900 but	
T224	not over \$17,400	70%
T225	Over \$17,400 but	

		Bill No. 6684
T226	not over \$17,900	65%
T227	Over \$17,900 but	
T228	not over \$18,400	60%
T229	Over \$18,400 but	
T230	not over \$18,900	55%
T231	Over \$18,900 but	
T232	not over \$19,400	50%
T233	Over \$19,400 but	
T234	not over \$19,900	45%
T235	Over \$19,900 but	
T236	not over \$20,400	40%
T237	Over \$20,400 but	
T238	not over \$22,500	35%
T239	Over \$22,500 but	
T240	not over \$23,000	30%
T241	Over \$23,000 but	
T242	not over \$23,500	25%
T243	Over \$23,500 but	
T244	not over \$24,000	20%
T245	Over \$24,000 but	
T246	not over \$28,100	15%
T247	Over \$28,100 but	
T248	not over \$28,600	14%
T249	Over \$28,600 but	
T250	not over \$29,100	13%
T251	Over \$29,100 but	
T252	not over \$29,600	12%
T253	Over \$29,600 but	
T254	not over \$30,100	11%
T255	Over \$30,100 but	
T256	not over \$54,000	10%
T257	Over \$54,000 but	
T258	not over \$54,500	9%
T259	Over \$54,500 but	

		Bill No. 6684
T260	not over \$55,000	8%
T261	Over \$55,000 but	
T262	not over \$55,500	7%
T263	Over \$55,500 but	
T264	not over \$56,000	6%
T265	Over \$56,000 but	
T266	not over \$56,500	5%
T267	Over \$56,500 but	
T268	not over \$57,000	4%
T269	Over \$57,000 but	
T270	not over \$57,500	3%
T271	Over \$57,500 but	
T272	not over \$58,000	2%
T273	Over \$58,000 but	
T274	not over \$58,500	1%

946 (G) For taxable years commencing on or after January 1, [2008] <u>2010</u>, 947 but prior to January 1, [2009] <u>2011</u>:

T275	Connecticut	
T276	Adjusted Gross Income	Amount of Credit
T277	Over \$14,000 but	
T278	not over \$17,500	75%
T279	Over \$17,500 but	
T280	not over \$18,000	70%
T281	Over \$18,000 but	
T282	not over \$18,500	65%
T283	Over \$18,500 but	
T284	not over \$19,000	60%
T285	Over \$19,000 but	
T286	not over \$19,500	55%
T287	Over \$19,500 but	
T288	not over \$20,000	50%

		Bill No. 6684
T289	Over \$20,000 but	
T290	not over \$20,500	45%
T291	Over \$20,500 but	
T292	not over \$21,000	40%
T293	Over \$21,000 but	
T294	not over \$23,300	35%
T295	Over \$23,300 but	
T296	not over \$23,800	30%
T297	Over \$23,800 but	
T298	not over \$24,300	25%
T299	Over \$24,300 but	
T300	not over \$24,800	20%
T301	Over \$24,800 but	
T302	not over \$29,200	15%
T303	Over \$29,200 but	
T304	not over \$29,700	14%
T305	Over \$29,700 but	
T306	not over \$30,200	13%
T307	Over \$30,200 but	
T308	not over \$30,700	12%
T309	Over \$30,700 but	
T310	not over \$31,200	11%
T311	Over \$31,200 but	
T312	not over \$56,000	10%
T313	Over \$56,000 but	
T314	not over \$56,500	9%
T315	Over \$56,500 but	
T316	not over \$57,000	8%
T317	Over \$57,000 but	
T318	not over \$57,500	7%
T319	Over \$57,500 but	
T320	not over \$58,000	6%
T321	Over \$58,000 but	
T322	not over \$58,500	5%

_		Bill No. 6684
T323	Over \$58,500 but	
T324	not over \$59,000	4%
T325	Over \$59,000 but	
T326	not over \$59,500	3%
T327	Over \$59,500 but	
T328	not over \$60,000	2%
T329	Over \$60,000 but	
T330	not over \$60,500	1%
948	(H) For taxable years commencing or	n or after January 1, [2009] <u>2011</u>
949	but prior to January 1, [2010] <u>2012</u> :	
T331	Connecticut	
T332	Adjusted Gross Income	Amount of Credit
T333	Over \$14,500 but	
T334	not over \$18,100	75%
T335	Over \$18,100 but	
T336	not over \$18,600	70%
T337	Over \$18,600 but	
T338	not over \$19,100	65%
T339	Over \$19,100 but	
T340	not over \$19,600	60%
T341	Over \$19,600 but	
T342	not over \$20,100	55%
T343	Over \$20,100 but	
T344	not over \$20,600	50%
T345	Over \$20,600 but	
T346	not over \$21,100	45%
T347	Over \$21,100 but	
T348	not over \$21,600	40%
T349	Over \$21,600 but	
T350	not over \$24,200	35%
T351	Over \$24,200 but	
T352	not over \$24,700	30%

T353 Over \$24,700 but T354 not over \$25,200 25% T355 Over \$25,200 but T356 not over \$25,700 20% T357 Over \$25,700 but T358 not over \$30,200 15% T359 Over \$30,200 but T360 not over \$30,700 14% T361 Over \$30,700 but T362 not over \$31,200 13% T363 Over \$31,200 but T364 not over \$31,700 12% T365 Over \$31,700 but T366 not over \$32,200 11% T367 Over \$32,200 but T368 not over \$32,200 11% T369 Over \$32,200 but T370 not over \$58,000 10% T370 not over \$58,500 9% T371 Over \$58,500 but T372 not over \$59,000 8% T373 Over \$59,000 but T374 not over \$59,000 06% T375 Over \$59,500 but T376 not over \$60,000 but T377 Over \$60,000 but T378 not over \$60,000 but T379 Over \$60,000 but T380 not over \$61,000 44% T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but T384 not over \$62,000 but T385 Over \$62,000 but T385 Over \$62,000 but			Bill No. 6684
T355 Over \$25,200 but T356 not over \$25,700 20% T357 Over \$25,700 but T358 not over \$30,200 15% T359 Over \$30,200 but T360 not over \$30,700 14% T361 Over \$30,700 but T362 not over \$31,200 13% T363 Over \$31,200 but T364 not over \$31,700 12% T365 Over \$31,700 but T366 not over \$32,200 11% T367 Over \$32,200 but T368 not over \$58,000 10% T369 Over \$58,000 but T370 not over \$58,000 but T371 Over \$58,500 but T372 not over \$59,000 but T373 Over \$59,000 but T374 not over \$59,000 but T375 Over \$59,000 but T376 not over \$60,000 6% T377 Over \$60,000 but T378 not over \$60,000 5% T379 Over \$60,500 but T380 not over \$61,000 44% T381 Over \$61,000 but T382 not over \$61,500 33% T383 Over \$61,500 but T384 not over \$62,000 2% T385 Over \$62,000 but	T353	Over \$24,700 but	
T356 not over \$25,700 20% T357 Over \$25,700 but 15% T358 not over \$30,200 15% T359 Over \$30,200 but 14% T360 not over \$30,700 14% T361 Over \$30,700 but 13% T362 not over \$31,200 13% T363 Over \$31,200 but 12% T364 not over \$31,700 but 12% T365 Over \$31,700 but 11% T366 not over \$32,200 but 11% T367 Over \$32,200 but 10% T368 not over \$58,000 but 10% T370 not over \$58,000 but 9% T371 Over \$58,500 but 9% T372 not over \$59,000 but 8% T373 Over \$59,000 but 7% T375 Over \$59,500 but 7% T376 not over \$60,000 but 6% T377 Over \$60,000 but 5% T380 not over \$61,000 but 3% T381 Over \$61,500 but T382 not over \$62,0	T354	not over \$25,200	25%
T357 Over \$25,700 but T358 not over \$30,200 15% T359 Over \$30,200 but T360 not over \$30,700 14% T361 Over \$30,700 but T362 not over \$31,200 13% T363 Over \$31,200 but T364 not over \$31,700 12% T365 Over \$31,700 but T366 not over \$32,200 11% T367 Over \$32,200 but T368 not over \$58,000 10% T369 Over \$58,000 but T370 not over \$58,500 9% T371 Over \$58,500 but T372 not over \$59,000 &8% T373 Over \$59,000 but T374 not over \$59,000 for T375 Over \$59,000 but T376 not over \$59,000 5% T377 Over \$60,000 but T378 not over \$60,000 6% T379 Over \$60,000 but T380 not over \$60,500 5% T379 Over \$60,500 but T380 not over \$61,000 44% T381 Over \$61,000 but T382 not over \$61,000 3% T383 Over \$61,500 but T384 not over \$62,000 2% T385 Over \$62,000 but	T355	Over \$25,200 but	
T358	T356	not over \$25,700	20%
T359 Over \$30,200 but T360 not over \$30,700 14% T361 Over \$30,700 but T362 not over \$31,200 13% T363 Over \$31,200 but T364 not over \$31,700 12% T365 Over \$31,700 but T366 not over \$32,200 11% T367 Over \$32,200 but T368 not over \$58,000 10% T369 Over \$58,000 but T370 not over \$58,000 9% T371 Over \$58,500 but T372 not over \$59,000 8% T373 Over \$59,000 but T374 not over \$59,000 7% T375 Over \$59,500 but T376 not over \$60,000 6% T377 Over \$60,000 but T378 not over \$60,000 5% T379 Over \$60,000 but T380 not over \$61,000 4% T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but T384 not over \$62,000 2% T384 not over \$62,000 but T384 not over \$62,000 2% T385 Over \$62,000 but	T357	Over \$25,700 but	
T360 not over \$30,700 14% T361 Over \$30,700 but 13% T362 not over \$31,200 13% T363 Over \$31,200 but 12% T364 not over \$31,700 12% T365 Over \$31,700 but 1 T366 not over \$32,200 11% T367 Over \$32,200 but 10% T368 not over \$58,000 10% T370 not over \$58,000 but 9% T371 Over \$58,500 but 9% T372 not over \$59,000 but 8% T373 Over \$59,000 but 7% T374 not over \$59,500 but 7% T375 Over \$59,500 but 6% T377 Over \$60,000 but 6% T378 not over \$60,500 but 5% T380 not over \$61,000 but 3% T381 Over \$61,000 but 3% T382 not over \$61,500 but 3% T384 not over \$62,000 but 2%	T358	not over \$30,200	15%
T361 Over \$30,700 but T362 not over \$31,200 13% T363 Over \$31,200 but T364 not over \$31,700 12% T365 Over \$31,700 but T366 not over \$32,200 11% T367 Over \$32,200 but T368 not over \$58,000 10% T369 Over \$58,000 but T370 not over \$58,500 9% T371 Over \$58,500 but T372 not over \$59,000 8% T373 Over \$59,000 but T374 not over \$59,000 7% T375 Over \$59,500 but T376 not over \$60,000 6% T377 Over \$60,000 but T378 not over \$60,500 5% T379 Over \$60,500 but T380 not over \$61,000 4% T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but T384 not over \$62,000 2% T385 Over \$62,000 but	T359	Over \$30,200 but	
T362 not over \$31,200 13% T363 Over \$31,200 but 12% T364 not over \$31,700 12% T365 Over \$31,700 but 11% T366 not over \$32,200 11% T367 Over \$32,200 but 10% T368 not over \$58,000 10% T369 Over \$58,000 but 9% T370 not over \$58,500 9% T371 Over \$58,500 but 8% T372 not over \$59,000 but 8% T373 Over \$59,000 but 7% T374 not over \$59,500 but 7% T375 Over \$59,500 but 6% T377 Over \$60,000 but 5% T378 not over \$60,500 5% T379 Over \$60,500 but 4% T381 Over \$61,000 but 3% T382 not over \$61,500 but 3% T383 Over \$62,000 but 2% T384 not over \$62,000 but 2%	T360	not over \$30,700	14%
T363 Over \$31,200 but T364 not over \$31,700 12% T365 Over \$31,700 but T366 not over \$32,200 11% T367 Over \$32,200 but T368 not over \$58,000 10% T369 Over \$58,000 but T370 not over \$58,500 9% T371 Over \$58,500 but T372 not over \$59,000 8% T373 Over \$59,000 but T374 not over \$59,500 7% T375 Over \$59,500 but T376 not over \$60,000 6% T377 Over \$60,000 but T378 not over \$60,500 5% T379 Over \$60,500 but T380 not over \$61,000 44% T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but T384 not over \$62,000 2% T385 Over \$62,000 but	T361	Over \$30,700 but	
T364 not over \$31,700 but T365 Over \$31,700 but T366 not over \$32,200 11% T367 Over \$32,200 but 10% T368 not over \$58,000 10% T369 Over \$58,000 but 9% T370 not over \$58,500 but 9% T371 Over \$58,500 but 8% T372 not over \$59,000 but 7% T373 Over \$59,000 but 7% T374 not over \$60,000 6% T375 Over \$59,500 but 6% T376 not over \$60,000 6% T377 Over \$60,000 but 5% T378 not over \$60,500 5% T380 not over \$61,000 4% T381 Over \$61,000 but 3% T382 not over \$61,500 but 3% T383 Over \$62,000 but 2% T384 not over \$62,000 but 2%	T362	not over \$31,200	13%
T365 Over \$31,700 but T366 not over \$32,200 11% T367 Over \$32,200 but 10% T368 not over \$58,000 10% T369 Over \$58,000 but 9% T370 not over \$58,500 9% T371 Over \$58,500 but 8% T372 not over \$59,000 but 7% T373 Over \$59,000 but 7% T375 Over \$59,500 but 6% T377 Over \$60,000 but 5% T378 not over \$60,500 but 5% T379 Over \$60,500 but 4% T380 not over \$61,000 but 3% T381 Over \$61,000 but 3% T383 Over \$61,500 but 2% T384 not over \$62,000 but 2%	T363	Over \$31,200 but	
T366 not over \$32,200 but T367 Over \$32,200 but T368 not over \$58,000 10% T369 Over \$58,000 but 9% T370 not over \$58,500 9% T371 Over \$58,500 but 8% T372 not over \$59,000 8% T373 Over \$59,000 but 7% T374 not over \$59,500 but 7% T375 Over \$59,500 but 6% T377 Over \$60,000 but 5% T378 not over \$60,500 5% T379 Over \$60,500 but 4% T381 Over \$61,000 but 3% T382 not over \$61,500 3% T383 Over \$61,500 but 2% T384 not over \$62,000 but	T364	not over \$31,700	12%
T367 Over \$32,200 but T368 not over \$58,000 10% T369 Over \$58,000 but 9% T370 not over \$58,500 9% T371 Over \$58,500 but 8% T372 not over \$59,000 8% T373 Over \$59,000 but 7% T374 not over \$59,500 but 7% T375 Over \$59,500 but 6% T377 Over \$60,000 but 5% T378 not over \$60,500 but 5% T380 not over \$61,000 but 4% T381 Over \$61,000 but 3% T382 not over \$61,500 but 3% T383 Over \$62,000 but 2% T384 not over \$62,000 but 2%	T365	Over \$31,700 but	
T368 not over \$58,000 but T369 Over \$58,000 but T370 not over \$58,500 9% T371 Over \$58,500 but 8% T372 not over \$59,000 but 8% T373 Over \$59,000 but 7% T374 not over \$59,500 but 6% T375 Over \$59,500 but 6% T377 Over \$60,000 but 5% T378 not over \$60,500 5% T379 Over \$60,500 but 4% T381 Over \$61,000 but 3% T382 not over \$61,500 but 3% T383 Over \$61,500 but 2% T384 not over \$62,000 but 2%	T366	not over \$32,200	11%
T369 Over \$58,000 but T370 not over \$58,500 9% T371 Over \$58,500 but T372 not over \$59,000 8% T373 Over \$59,000 but T374 not over \$59,500 7% T375 Over \$59,500 but T376 not over \$60,000 6% T377 Over \$60,000 but T378 not over \$60,500 5% T379 Over \$60,500 but T380 not over \$61,000 4% T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but T384 not over \$62,000 but T384 not over \$62,000 but	T367	Over \$32,200 but	
T370 not over \$58,500 9% T371 Over \$58,500 but 8% T372 not over \$59,000 8% T373 Over \$59,000 but 7% T374 not over \$59,500 but 6% T375 Over \$59,500 but 6% T377 Over \$60,000 but 5% T378 not over \$60,500 5% T379 Over \$60,500 but 4% T380 not over \$61,000 4% T381 Over \$61,000 but 3% T383 Over \$61,500 but 3% T384 not over \$62,000 but 2% T385 Over \$62,000 but	T368	not over \$58,000	10%
T371 Over \$58,500 but T372 not over \$59,000 8% T373 Over \$59,000 but T374 not over \$59,500 7% T375 Over \$59,500 but T376 not over \$60,000 6% T377 Over \$60,000 but T378 not over \$60,500 5% T379 Over \$60,500 but T380 not over \$61,000 4% T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but T384 not over \$62,000 2% T385 Over \$62,000 but	T369	Over \$58,000 but	
T372 not over \$59,000 8% T373 Over \$59,000 but 7% T374 not over \$59,500 7% T375 Over \$59,500 but 6% T376 not over \$60,000 6% T377 Over \$60,000 but 5% T378 not over \$60,500 5% T379 Over \$60,500 but 4% T380 not over \$61,000 4% T381 Over \$61,000 but 3% T382 not over \$61,500 3% T383 Over \$61,500 but 2% T384 not over \$62,000 2% T385 Over \$62,000 but	T370	not over \$58,500	9%
T373 Over \$59,000 but T374 not over \$59,500 7% T375 Over \$59,500 but T376 not over \$60,000 6% T377 Over \$60,000 but T378 not over \$60,500 5% T379 Over \$60,500 but T380 not over \$61,000 4% T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but T384 not over \$62,000 2% T385 Over \$62,000 but	T371	Over \$58,500 but	
T374 not over \$59,500 7% T375 Over \$59,500 but 6% T376 not over \$60,000 6% T377 Over \$60,000 but 5% T378 not over \$60,500 5% T379 Over \$60,500 but 4% T380 not over \$61,000 4% T381 Over \$61,000 but 3% T382 not over \$61,500 3% T383 Over \$61,500 but 2% T384 not over \$62,000 2% T385 Over \$62,000 but	T372	not over \$59,000	8%
T375 Over \$59,500 but T376 not over \$60,000 6% T377 Over \$60,000 but T378 not over \$60,500 5% T379 Over \$60,500 but T380 not over \$61,000 4% T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but T384 not over \$62,000 2% T385 Over \$62,000 but	T373	Over \$59,000 but	
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T377 Over \$60,000 but T378 not over \$60,500 5% T379 Over \$60,500 but T380 not over \$61,000 4% T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but T384 not over \$62,000 2% T385 Over \$62,000 but	T375	Over \$59,500 but	
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T379 Over \$60,500 but T380 not over \$61,000 4% T381 Over \$61,000 but 3% T382 not over \$61,500 3% T383 Over \$61,500 but 2% T384 not over \$62,000 2% T385 Over \$62,000 but	T377	Over \$60,000 but	
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T381 Over \$61,000 but T382 not over \$61,500 3% T383 Over \$61,500 but 2% T384 not over \$62,000 2% T385 Over \$62,000 but	T379	Over \$60,500 but	
T382 not over \$61,500 3% T383 Over \$61,500 but 2% T384 not over \$62,000 2% T385 Over \$62,000 but	T380	not over \$61,000	4%
T383 Over \$61,500 but T384 not over \$62,000 2% T385 Over \$62,000 but	T381	Over \$61,000 but	
T384 not over \$62,000 2% T385 Over \$62,000 but	T382	not over \$61,500	3%
T385 Over \$62,000 but	T383	Over \$61,500 but	
	T384	not over \$62,000	2%
T386 not over \$62,500 1%	T385	Over \$62,000 but	
	T386	not over \$62,500	1%

950 (I) For taxable years commencing on or after January 1, [2010] <u>2012</u>:

T387	Connecticut	
T388	Adjusted Gross Income	Amount of Credit
T389	Over \$15,000 but	
T390	not over \$18,800	75%
T391	Over \$18,800 but	
T392	not over \$19,300	70%
T393	Over \$19,300 but	
T394	not over \$19,800	65%
T395	Over \$19,800 but	
T396	not over \$20,300	60%
T397	Over \$20,300 but	
T398	not over \$20,800	55%
T399	Over \$20,800 but	
T400	not over \$21,300	50%
T401	Over \$21,300 but	
T402	not over \$21,800	45%
T403	Over \$21,800 but	
T404	not over \$22,300	40%
T405	Over \$22,300 but	
T406	not over \$25,000	35%
T407	Over \$25,000 but	
T408	not over \$25,500	30%
T409	Over \$25,500 but	
T410	not over \$26,000	25%
T411	Over \$26,000 but	
T412	not over \$26,500	20%
T413	Over \$26,500 but	
T414	not over \$31,300	15%
T415	Over \$31,300 but	
T416	not over \$31,800	14%

_		Bill No. 6684
T417	Over \$31,800 but	
T418	not over \$32,300	13%
T419	Over \$32,300 but	
T420	not over \$32,800	12%
T421	Over \$32,800 but	
T422	not over \$33,300	11%
T423	Over \$33,300 but	
T424	not over \$60,000	10%
T425	Over \$60,000 but	
T426	not over \$60,500	9%
T427	Over \$60,500 but	
T428	not over \$61,000	8%
T429	Over \$61,000 but	
T430	not over \$61,500	7%
T431	Over \$61,500 but	
T432	not over \$62,000	6%
T433	Over \$62,000 but	
T434	not over \$62,500	5%
T435	Over \$62,500 but	
T436	not over \$63,000	4%
T437	Over \$63,000 but	
T438	not over \$63,500	3%
T439	Over \$63,500 but	
T440	not over \$64,000	2%
T441	Over \$64,000 but	
T442	not over \$64,500	1%

951 Sec. 25. Subsection (c) of section 12-704c of the general statutes is 952 repealed and the following is substituted in lieu thereof (*Effective from* 953 passage and applicable to taxable years commencing on or after January 1, 954 2005):

955 (c) (1) (A) For taxable years commencing prior to January 1, 2000, in 956 the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-two thousand five hundred dollars, the amount of the credit that exceeds one hundred dollars shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

- (B) For taxable years commencing on or after January 1, 2000, but prior to January 1, 2001, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-three thousand five hundred dollars, the amount of the credit that exceeds one hundred dollars shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
- (C) For taxable years commencing on or after January 1, 2001, but prior to January 1, 2004, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-four thousand five hundred dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
- (D) For taxable years commencing on or after January 1, 2004, but prior to January 1, [2005] 2007, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-five thousand dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
- 987 (E) For taxable years commencing on or after January 1, [2005] <u>2007</u>, 988 but prior to January 1, [2006] <u>2008</u>, in the case of any such taxpayer

who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-five thousand five hundred dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

- (F) For taxable years commencing on or after January 1, [2006] 2008, but prior to January 1, [2007] 2009, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-six thousand five hundred dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
- (G) For taxable years commencing on or after January 1, [2007] 2009, but prior to January 1, [2008] 2010, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-eight thousand five hundred dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
 - (H) For taxable years commencing on or after January 1, [2008] <u>2010</u>, but prior to January 1, [2009] <u>2011</u>, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds sixty thousand five hundred dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
- (I) For taxable years commencing on or after January 1, [2009] <u>2011</u>, but prior to January 1, [2010] <u>2012</u>, in the case of any such taxpayer

- who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds sixty-two thousand five hundred dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
- (J) For taxable years commencing on or after January 1, [2010] 2012, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds sixty-four thousand five hundred dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
 - (2) In the case of any such taxpayer who files under the federal income tax for such taxable year as a married individual filing separately whose Connecticut adjusted gross income exceeds fifty thousand two hundred fifty dollars, the amount of the credit shall be reduced by ten per cent for each five thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
 - (3) In the case of a taxpayer who files under the federal income tax for such taxable year as a head of household whose Connecticut adjusted gross income exceeds seventy-eight thousand five hundred dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.
 - (4) In the case of a taxpayer who files under federal income tax for such taxable year as married individuals filing jointly whose Connecticut adjusted gross income exceeds one hundred thousand five hundred dollars, the amount of the credit shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

Sec. 26. Subsection (b) of section 12-704c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 1, 2005, and applicable to taxable years commencing on or after January 1, 2005):

- (b) The credit allowed under this section shall not exceed two hundred fifteen dollars for the taxable year commencing on or after January 1, 1997, and prior to January 1, 1998; for taxable years commencing on or after January 1, 1998, but prior to January 1, 1999, three hundred fifty dollars; for taxable years commencing on or after January 1, 1999, but prior to January 1, 2000, four hundred twenty-five dollars; for taxable years commencing on or after January 1, 2000, but prior to January 1, 2003, five hundred dollars; for taxable years commencing on or after January 1, 2003, but prior to January 1, 2007, three hundred fifty dollars; [and] for taxable years commencing on or after January 1, [2005] 2007, but prior to January 1, 2008, four hundred dollars; for taxable years commencing on or after January 1, 2008, but prior to January 1, 2009, four hundred fifty dollars; and for taxable years commencing on or after January 1, 2009, five hundred dollars. In the case of any husband and wife who file a return under the federal income tax for such taxable year as married individuals filing a joint return, the credit allowed, in the aggregate, shall not exceed such amounts for each such taxable year.
- Sec. 27. Subsection (a) of section 12-701 of the general statutes is amended by adding subsection (37) as follows (*Effective from passage*):
- (NEW) (37) "In this state" or "within this state" means within the exterior limits of the state of Connecticut and includes all territories within these limits owned by or ceded to the United Sates of America, all territories owned by federally-recognized Indian tribes, and all territories held by the United States of America in trust for federally-recognized Indian tribes.
- Sec. 28. Subdivision (4) of subsection (e) of section 12-707 of the general statutes is repealed and the following is substituted in lieu

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thereof (Effective from passage and applicable to wages and nonpayroll amounts paid on or after said date):

(4) "Nonpayroll amounts" includes (A) [gambling] winnings, other than Connecticut lottery winnings, [that are paid to a resident, or to a person receiving payment on behalf of a resident, and that are subject to federal income tax withholding from any wager placed in this state or from any wagering transaction or gambling activity in this state that is required to be reported to the Internal Revenue Service by the person making payment of such winnings, including the government of the United States, a state or a political subdivision thereof, an Indian tribal government, or any instrumentality of such government, state or tribal government, whether or not subject to federal income tax withholding, whether paid to a resident, nonresident or part-year resident, and whether paid to an individual, trust or estate; (B) Connecticut lottery winnings that are required to be reported by the Connecticut Lottery Corporation to the Internal Revenue Service, whether or not subject to federal income tax withholding, whether paid to a resident, nonresident or a part-year resident, and whether paid to an individual, trust or estate; (C) pension and annuity distributions, where the recipient is a resident individual and has requested that tax be deducted and withheld under this chapter; (D) military retired pay, where the payee is a resident individual and has requested that tax be deducted and withheld under this chapter; (E) unemployment compensation, where the recipient has requested that tax be deducted and withheld under this chapter; and (F) payments made to an athlete or entertainer, where the payments are not wages for federal income tax withholding purposes and where the commissioner requires the payer to deduct and withhold tax under this chapter.

Sec. 29. Subsection (b) of section 12-711 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 1, 2005 and applicable to taxable years beginning on or after January 1, 2005):

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- (b) (1) Items of income, gain, loss and deduction derived from or connected with sources within this state shall be those items attributable to: (A) The ownership or disposition of any interest in real or tangible personal property in this state; (B) a business, trade, profession or occupation carried on in this state; (C) in the case of a shareholder of an S corporation, the ownership of shares issued by such corporation, to the extent determined under section 12-712; [or] (D) winnings from a wager placed in a lottery conducted by the Connecticut Lottery Corporation, if the proceeds from such wager are required, under the Internal Revenue Code or regulations adopted thereunder, to be reported by the Connecticut Lottery Corporation to the Internal Revenue Service; or (E) winnings, other than Connecticut lottery winnings, from any wager placed in this state or from any wagering transaction or gambling activity in this state.
- (2) Income from intangible personal property, including annuities, dividends, interest and gains from the disposition of intangible personal property, shall constitute income derived from sources within this state only to the extent that such income is from (A) property employed in a business, trade, profession or occupation carried on in this state, [or] (B) winnings from a wager placed in a lottery conducted by the Connecticut Lottery Corporation, if the proceeds from such wager are required, under the Internal Revenue Code or regulations adopted thereunder, to be reported by the Connecticut Lottery Corporation to the Internal Revenue Service, or (C) winnings, other than Connecticut lottery winnings, from any wager placed in this state or from any wagering transaction or gambling activity in this state.
- (3) Deductions with respect to capital losses and net operating losses shall be based solely on income, gain, loss and deduction derived from or connected with sources within this state, under regulations adopted by the commissioner, but otherwise shall be determined in the same manner as the corresponding federal deductions.
- 1149 (4) Income directly or indirectly derived by an athlete, entertainer or

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performing artist from closed-circuit and cable television transmissions of an event, other than events occurring on a regularly scheduled basis, taking place within this state as a result of the rendition of services by such athlete, entertainer or performing artist shall constitute income derived from or connected with sources within this state only to the extent that such transmissions were received or exhibited within this state.

Sec. 30. Subsection (b) of section 15-144 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 1, 2005):

[(b) (1) The owner shall pay a fee to the Commissioner of Motor Vehicles for deposit with the State Treasurer for each vessel so numbered or registered]

(b) (1) Each certificate of number and registration shall be issued by the Commissioner of Motor Vehicles for a period of two years. The annual fee for such certificate and for each renewal thereof shall be determined in accordance with the following schedule and subdivisions of this subsection:

T443		Overall Le	ength	O	verall Len	gth
T444	at	less	<u>annual</u>	at	less	<u>annual</u>
T445	least	than	fee	least	than	fee
T446	(feet)	(feet)		(feet)	(feet)	
T447		12	\$ 7.50	40	41	\$270.00
T448	12	13	11.25	41	42	292.50
T449	13	14	15.00	42	43	315.00
T450	14	15	18.75	43	44	322.50
T451	15	16	22.50	44	45	330.00
T452	16	17	30.00	45	46	337.50
T453	17	18	37.50	46	47	345.00

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					Bill	No. 6684
T454	18	19	45.00	47	48	352.50
T455	19	20	52.50	48	49	360.00
T456	20	21	60.00	49	50	367.50
T457	21	22	67.50	50	51	375.00
T458	22	23	75.00	51	52	382.50
T459	23	24	82.50	52	53	390.00
T460	24	25	90.00	53	54	397.50
T461	25	26	97.50	54	55	405.00
T462	26	27	105.00	55	56	412.50
T463	27	28	112.50	56	57	420.00
T464	28	29	120.00	57	58	427.50
T465	29	30	127.50	58	59	435.00
T466	30	31	135.00	59	60	442.50
T467	31	32	142.50	60	61	450.00
T468	32	33	150.00	61	62	457.50
T469	33	34	157.50	62	63	465.00
T470	34	35	165.00	63	64	472.50
T471	35	36	172.50	64	65	480.00
T472	36	37	180.00	65 and	over	525.00
T473	37	38	202.50			
T474	38	39	225.00			
T475	39	40	247.50			

For purposes of this schedule "overall length" is the horizontal distance between the foremost part of the stem and the aftermost part of the stern, excluding bowsprits, bumpkins, rudders, outboard motor brackets and similar fittings or attachments. (2) The <u>annual</u> fee [payable] under this subsection with respect to any vessel used primarily for purposes of commercial fishing shall not exceed twenty-five dollars, provided in the tax year of the owner of such vessel ending immediately preceding the date of registration, not less than fifty per cent of the adjusted gross income of such owner as determined for purposes of the federal income tax is derived from commercial fishing, subject to proof satisfactory to the Commissioner

1179 of Motor Vehicles. (3) The annual fee [payable] under this subsection 1180 with respect to any vessel constructed primarily of wood, the 1181 construction of which is completed not less than fifteen years prior to 1182 the date such fee is paid, shall be in an amount equal to fifty per cent of 1183 the fee otherwise payable, or if such construction is completed not less 1184 than twenty-five years prior to the date such fee is paid, such fee shall 1185 be in an amount equal to twenty-five per cent of the fee otherwise 1186 payable. (4) Fees payable under this subsection shall not be required 1187 with respect to (A) any vessel owned by a flotilla of the United States 1188 Coast Guard Auxiliary or owned by a nonprofit corporation acting on behalf of such a flotilla, provided no more than two vessels from any 1189 1190 such flotilla or nonprofit corporation shall be granted such an 1191 exemption, and (B) any vessel built by students in an educational 1192 institution and used for the purposes of such institution, including 1193 such research as may require the use of such vessel. (5) The <u>annual</u> fee 1194 [payable] under this subsection with respect to any pontoon boat, 1195 exclusive of any houseboat, shall be forty dollars. (6) The annual fee 1196 [payable] under this subsection with respect to any canoe with a motor 1197 or any vessel owned by a nonprofit organization shall be seven dollars 1198 and fifty cents. (7) The annual fee [payable] under this subsection with 1199 respect to any vessel less than fifteen feet in length equipped with a 1200 motor the horsepower of which is less than fifteen, shall be seven 1201 dollars and fifty cents. (8) The owner of any vessel used actively, as 1202 required under this subdivision, in operational activities of the United 1203 States Coast Guard Auxiliary shall not be required to pay the 1204 applicable fee in accordance with the schedule in this subsection, 1205 provided (A) if the applicable fee under the schedule for such vessel is 1206 greater than one hundred eighty dollars, the owner shall be required to 1207 pay the amount of fee in excess of one hundred eighty dollars, and (B) 1208 the owner shall not be entitled to exemption from the applicable fee as 1209 allowed in this subdivision for any vessel registration year unless the 1210 application for registration of such vessel includes a statement, 1211 certified by an officer of the United States Coast Guard, that in the 1212 preceding year such vessel was used actively in not less than three

- 1213 separate operational activities of the United States Coast Guard
- 1214 Auxiliary.
- 1215 Sec. 31. Subsection (d) of section 15-144 of the general statutes is
- 1216 repealed and the following is substituted in lieu thereof (Effective July
- 1217 1, 2005):
- 1218 (d) Each certificate of number and certificate of registration issued
- 1219 by the Commissioner of Motor Vehicles, shall [expire on the last day of
- 1220 April of the year following its issuance] be issued in accordance with a
- 1221 schedule established by the commissioner. At least thirty days prior to
- 1222 the expiration date of each certificate, the Commissioner of Motor
- 1223 Vehicles shall notify the owner of such expiration and the certificate
- 1224 may be renewed as prescribed by the Commissioner of Motor Vehicles
- 1225 upon application and upon payment of the fee provided in subsection
- 1226 (b) of this section. The registration number assigned to a vessel shall
- 1227 remain the same so long as the vessel is registered in this state.
- 1228 Sec. 32. Section 15-144 of the general statutes is amended by adding
- 1229 subsection (i) as follows (Effective July 1, 2005):
- 1230 (NEW) (i) The commissioner shall refund one-half of the registration
- 1231 fee for any vessel when the registration certificate is returned on or
- 1232 after January 1, 2005, with one year or more remaining until the
- 1233 expiration of the registration.
- 1234 Sec. 33. (Effective July 1, 2005) Notwithstanding any provision of the
- 1235 general statutes, for the fiscal year ending June 30, 2006, the first two
- 1236 million dollars paid into the boating account, as defined in section 15-
- 1237 155 of the general statutes, shall be credited to the resources of the
- 1238 General Fund.
- 1239 Sec. 34. Section 16-245m of the general statutes is amended by
- 1240 adding subsection (f) as follows (*Effective from passage*):
- 1241 (NEW) (f) Notwithstanding the provisions of subsections (a) to (d),
- 1242 inclusive, of this section, the Department of Public Utility Control shall

- 1243 authorize the disbursement of a total of one million dollars in each
- month, commencing with August 1, 2005, and ending with July 31,
- 1245 2007, from the Energy Conservation and Load Management Funds
- 1246 established pursuant to said subsections. The amount disbursed from
- 1247 each Energy Conservation and Load Management Fund shall be
- 1248 proportionately based on the receipts received by each fund. Such
- disbursements shall be deposited in the General Fund.
- Sec. 35. Section 22a-243 of the general statutes is repealed and the
- 1251 following is substituted in lieu thereof (Effective April 1, 2005, and
- applicable to sales occurring on or after April 1, 2005):
- For purposes of sections 22a-243 to 22a-245, inclusive, and section 36
- 1254 of this act:
- 1255 (1) "Beverage" means beer or other malt beverages and mineral
- 1256 waters, soda water and similar carbonated soft drinks in liquid form
- and intended for human consumption;
- 1258 (2) "Beverage container" means the individual, separate, sealed
- 1259 glass, metal or plastic bottle, can, jar or carton containing a beverage;
- 1260 (3) "Consumer" means every person who purchases a beverage in a
- beverage container for use or consumption;
- 1262 (4) "Dealer" means every person who engages in the sale of
- beverages in beverage containers to a consumer;
- 1264 (5) "Distributor" means every person who engages in the sale of
- beverages in beverage containers to a dealer in this state including any
- 1266 manufacturer who engages in such sale and includes a dealer who
- engages in the sale of beverages in beverage containers on which no
- deposit has been collected prior to retail sale;
- 1269 (6) "Manufacturer" means every person bottling, canning or
- otherwise filling beverage containers for sale to distributors or dealers;

- 1271 (7) "Place of business of a dealer" means the location at which a 1272 dealer sells or offers for sale beverages in beverage containers to 1273 consumers;
- 1274 (8) "Redemption center" means any facility established to redeem 1275 empty beverage containers from consumers or to collect and sort 1276 empty beverage containers from dealers and to prepare such 1277 containers for redemption by the appropriate distributors;
- 1278 (9) "Use or consumption" includes the exercise of any right or power 1279 over a beverage incident to the ownership thereof, other than the sale 1280 or the keeping or retention of a beverage for the purposes of sale;
- 1281 (10) "Nonrefillable beverage container" means a beverage container 1282 which is not designed to be refilled and reused in its original shape;
- 1283 (11) "Deposit initiator" means the first distributor who is not a
 1284 manufacturer to sell a beverage container in this state or a
 1285 manufacturer who sells a beverage container to a person who sells a
 1286 beverage container.
 - Sec. 36. (NEW) (Effective April 1, 2005, and applicable to sales occurring on or after April 1, 2005) (a) Each deposit initiator shall open a special interest-bearing account to the credit of the deposit initiator. Each deposit initiator shall invest in such account an amount equal to the refund value established pursuant to subsection (a) of section 22a-244 of the general statutes for each beverage container sold by such deposit initiator. Such investment shall be made not more than three days after the date such beverage container was sold. All interest, dividends and returns earned on the special account shall be paid directly into such account. Such moneys shall be kept separate and apart from all other moneys in the possession of the deposit initiator.
 - (b) Not later than April 1, 2005, the Commissioner of Revenue Services shall adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to establish an accounting system for

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- 1301 the withdrawal of moneys from the deposit initiator's special account. 1302 Any reimbursement of the refund value for a redeemed beverage 1303 container shall be paid from the deposit initiator's special account in 1304 the manner prescribed in said accounting system.
- 1305 (c) Each deposit initiator shall submit a report on July 31, 2005, for 1306 the immediately preceding calendar quarter, and one month after the 1307 close of each calendar quarter thereafter, to the Commissioner of 1308 Environmental Protection, on a form prescribed by the commissioner 1309 and with such information the commissioner deems necessary, 1310 including, but not limited to: (1) The balance in the special account at 1311 the beginning of the quarter for which the report is prepared; (2) a list 1312 of all deposits credited to such account during such quarter, including 1313 all refund values paid to the deposit initiator and all interest, 1314 dividends or returns received on the account; (3) a list of all 1315 withdrawals from such account during such quarter, all service 1316 charges and overdraft charges on the account and all payments made 1317 pursuant to subsection (d) of this section; and (4) the balance in the 1318 account at the close of the quarter for which the report is prepared.
 - (d) The balance outstanding in the special account shall be paid by the deposit initiator one month after the close of the calendar quarter to the commissioner for deposit in the General Fund. If the amount of the required payment pursuant to this subsection is not paid within seven days after it is due, a penalty of ten per cent of the amount due shall be added to the amount due and an additional five per cent penalty shall be added for each day thereafter that such payment is not submitted. Such penalties shall not be paid from funds maintained in the special account.
 - (e) If moneys deposited in the special account are insufficient to pay for withdrawals authorized pursuant to subsection (b) of this section, such deficiency shall be added, with interest, to the succeeding payment due pursuant to subsection (d) of this section.
- 1332 (f) The State Treasurer may, independently or upon request of the

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- 1333 commissioner, examine the accounts and records of any deposit 1334 initiator referring to accounts and records maintained under sections 1335 22a-243 to 22a-245, inclusive, of the general statutes, as amended by 1336 this act, including receipts, disbursements and such other items as the 1337 Treasurer deems appropriate. The Treasurer may assess a surcharge in 1338 the amount of ten per cent per annum for any audit adjustments to 1339 accounts or records maintained under said sections 22a-243 to 22a-245, 1340 inclusive, and this section, during any fiscal year, and ten per cent per 1341 annum, together with interest, for any underpayment of the payment 1342 established by subsection (d) of this section. Such penalties shall not be 1343 paid from funds maintained in the special account.
- 1344 (g) The Attorney General may, independently or upon complaint of 1345 the commissioner, institute any appropriate action or proceeding to 1346 enforce any provision of this section or any regulation adopted 1347 pursuant to subsection (b) of this section.
- 1348 Sec. 37. Section 22a-246 of the general statutes is repealed and the 1349 following is substituted in lieu thereof (Effective April 1, 2005, and 1350 applicable to sales occurring on or after April 1, 2005):
 - Any person who violates any provision of section 22a-244, [or] 22a-245 or section 36 of this act shall be fined not less than fifty dollars nor more than one hundred dollars, and for a second offense shall be fined not less than one hundred dollars nor more than two hundred dollars and for a third and each additional offense shall be fined not less than two hundred fifty dollars nor more than five hundred dollars.
- 1357 Sec. 38. Subsection (j) of section 38a-88a of the general statutes is 1358 repealed and the following is substituted in lieu thereof (Effective July 1359 1, 2005):
- 1360 (j) The tax credit allowed by this section shall only be available for 1361 investments in funds that are not open to additional investments or 1362 investors beyond the amount subscribed at the formation of the fund. 1363 No credits shall be allowed under this section for investments in any

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fund created on or after July 1, 2000. No credit shall be allowed under this section for investments made in an insurance business through such fund after December 31, [2015] 2005.

Sec. 39. (*Effective July 1, 2005*) Notwithstanding any provision of the general statutes, for each of the fiscal years ending June 30, 2006, and June 30, 2007, the sum of twelve million dollars shall be transferred from the resources of the Tobacco and Health Trust Fund established in section 4-28f of the general statutes and credited to the resources of the General Fund.

Sec. 40. (*Effective July 1, 2005*) Notwithstanding any provision of the general statutes, for the fiscal year ending June 30, 2007, the sum of twenty million dollars shall be transferred from the resources of the State Banking Fund established in section 36a-65 of the general statutes, and credited to the resources of the General Fund.

Sec. 41. (*Effective July 1, 2005*) Notwithstanding any provision of the general statutes, for the fiscal year ending June 30, 2007, the sum of five million dollars shall be transferred from the resources of the Insurance Fund established in section 38a-52a of the general statutes, and credited to the resources of the General Fund.

Sec. 42. (*Effective July 1, 2005*) Prior to June 30, 2006, the Comptroller shall transfer forty-one million dollars of fiscal year 2006 General Fund revenue for use as General Fund revenue for fiscal year 2007.

	This act shall take effect as follows and shall amend the following				
sections:	sections:				
Section 1	from passage	3-62h(e)			
Sec. 2	from passage	3-115b			
Sec. 3	from passage	New section			
Sec. 4	from passage and applicable to assessment years commencing on or after October 1, 2004	12-81(74)			

Sec. 5	July 1, 2005, and applicable to income years commencing on or after January 1, 2005	12-214(b)
Sec. 6	July 1, 2005, and applicable to income years commencing on or after January 1, 2005	12-219(b)
Sec. 7	from passage and applicable to income years commencing on or after January 1, 2000	12-217(a)(4)
Sec. 8	from passage	12-217ee(a)
Sec. 9	from passage and applicable to sales occurring on or after July 1, 2005	12-296
Sec. 10	from passage and applicable to the storage or use of unstamped cigarettes occurring on or after July 1, 2005	12-316
Sec. 11	from passage	New section
Sec. 12	from passage	New section
Sec. 13	from passage and applicable to sales occurring on or after July 1, 2005	12-330c(a)
Sec. 14	from passage and applicable to transfers from estates of decedents who die on or after January 1, 2005	12-344(d) and (e)
Sec. 15	July 1, 2005, and applicable to sales occurring on or after July 1, 2005	12-407(a)(37)(J)
Sec. 16	from passage and applicable to sales of alcoholic beverages occurring on or after July 1, 2005	12-435
Sec. 17	from passage	New section

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Sec. 18	July 1, 2005	12-460a
Sec. 19	from passage and	12-642(a)
	applicable to calendar years	
	commencing on or after	
	January 1, 2005	
Sec. 20	from passage and	12-701(a)(20)(B)
	applicable for taxable years	
	commencing on or after	
	January 1, 2005	
Sec. 21	from passage and	12-701(a)(24)
	applicable for taxable years	
	commencing on or after	
	January 1, 2005	
Sec. 22	from passage and	12-701(a)(30)
	applicable for taxable years	
	commencing on or after	
	January 1, 2005	
Sec. 23	from passage and	12-702(a)
	applicable to taxable years	
	commencing on or after	
	January 1, 2005	
Sec. 24	from passage and	12-703(a)(2)(C) to (I)
	applicable to taxable years	
	commencing on or after	
	January 1, 2005	
Sec. 25	from passage and	12-704c(c)
	applicable to taxable years	
	commencing on or after	
	January 1, 2005	
Sec. 26	July 1, 2005, and	12-704c(b)
	applicable to taxable years	
	commencing on or after	
	January 1, 2005	
Sec. 27	from passage	12-701(a)
Sec. 28	from passage and	12-707(e)(4)
	applicable to wages and	
	nonpayroll amounts paid	
	on or after said date	
Sec. 29	July 1, 2005 and applicable	12-711(b)
	to taxable years beginning	
	on or after January 1, 2005	
Sec. 30	July 1, 2005	15-144(b)

Sec. 31	July 1, 2005	15-144(d)
Sec. 32	July 1, 2005	15-144
Sec. 33	July 1, 2005	New section
Sec. 34	from passage	16-245m
Sec. 35	April 1, 2005, and	22a-243
	applicable to sales	
	occurring on or after April	
	1, 2005	
Sec. 36	April 1, 2005, and	New section
	applicable to sales	
	occurring on or after April	
	1, 2005	
Sec. 37	April 1, 2005, and	22a-246
	applicable to sales	
	occurring on or after April	
	1, 2005	
Sec. 38	July 1, 2005	38a-88a(j)
Sec. 39	July 1, 2005	New section
Sec. 40	July 1, 2005	New section
Sec. 41	July 1, 2005	New section
Sec. 42	July 1, 2005	New section

Statement of Purpose:

To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]